



Fagron 2016 Semi-Annual Results

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5 August 2016

Headlines first half of 2016

- ☞ Turnover decreased by 3.1% (+2.2% at constant exchange rates) to € 210.2 million
- ☞ REBITDA decreased by 21.4% to € 45.6 million or 21.7% of turnover
- ☞ Successful completion of capital increase with proceeds of approximately € 219 million
- ☞ Net financial debt decreased to € 301.0 million after both tranches of the capital increase
- ☞ Net financial debt / REBITDA-ratio of 3.4 after both tranches of the capital increase
- ☞ 2016 Outlook: Turnover of at least € 415 million and REBITDA of between € 85 million and € 95 million

Financing – Long Term Waivers

- Long Term Waivers received on 5 May 2016
- Financial covenants were adjusted to give Fagron extra latitude which will decrease with every six-month test period
- In each test period after 30 June 2018, the levels of the financial covenants will return to the levels stipulated in the RCF and Note Purchase Agreement
- Net financial debt / REBITDA-ratio of 3.4 after both tranches of the capital increase

Test period	Financial covenants	
	Net financial debt / REBITDA	REBITDA / net interest charges
31 December 2016	Max. 5.02x	Min. 1.81x
30 June 2017	Max. 4.60x	Min. 1.98x
31 December 2017	Max. 4.09x	Min. 2.32x
30 June 2018	Max. 3.60x	Min. 2.80x
After 30 June 2018	Max. 3.25x	Min. 4.00x

Operational review first half of 2016



Consolidated turnover

(x € 1,000)	S1 2016	S1 2015	Total growth	Total growth CER	Organic growth	Organic growth CER
Fagron	205,678	211,497	-2.8%	+2.6%	-6.8%	-1.6%
HL Technology	4,559	5,500	-17.1%	-14.0%	-17.1%	-14.0%
Total	210,237	216,997	-3.1%	+2.2%	-7.1%	-1.9%

CER = constant exchange rates

- Positive turnover developments in local currency in Europe, Brazil, RoW and for the sterile FSPS-activities in the United States
- As expected, changes in the reimbursement system for non-sterile compounding in United States continued to have a negative impact on turnover and profitability of Fagron Essentials and Fagron Trademarks

Turnover development

Excluding HL Technology (in € 1,000)



* The sell off of a small compounding pharmacy in Marseille (France) had a negative impact of € 1 million on turnover of the Fagron activities in Europe in the second quarter of 2016.

Fagron Specialty Pharma Services

(x € 1,000)	S1 2016	S1 2015	Evolution
Turnover	74,192	65,397	13.4%
REBITDA	15,752	17,960	-12.3%
REBITDA-margin	21.2%	27.5%	

 Organic turnover growth of 4.0% (+4.8% at CER)

 United States

- Strong turnover growth in the sterile FSPS activities in the US
- Turnover development in Q2-16 was weaker than expected
- New sales team in US is expected to be deployed in Q4-16
- Completion of validation and reception of required licenses for 503B-facility in Wichita expected in Q1-17

 Europe

- Sell off of a small compounding facility in Marseille
- New antibiotic facility in NL opens in fourth quarter of 2016

Fagron Trademarks

(x € 1,000)	S1 2016	S1 2015	Evolution
Turnover	25,073	25,551	-1.9%
REBITDA	7,982	9,109	-12.4%
REBITDA-margin	31.8%	35.6%	

- ☞ Turnover growth at constant exchange rates of 9.7%
- ☞ Europe: Healthy turnover growth
- ☞ Brazil: Continued strong turnover growth (in local currency)
- ☞ United States: Changed reimbursement system had a negative effect on the sales of Fagron Trademarks at Freedom Pharmaceuticals

Fagron Essentials

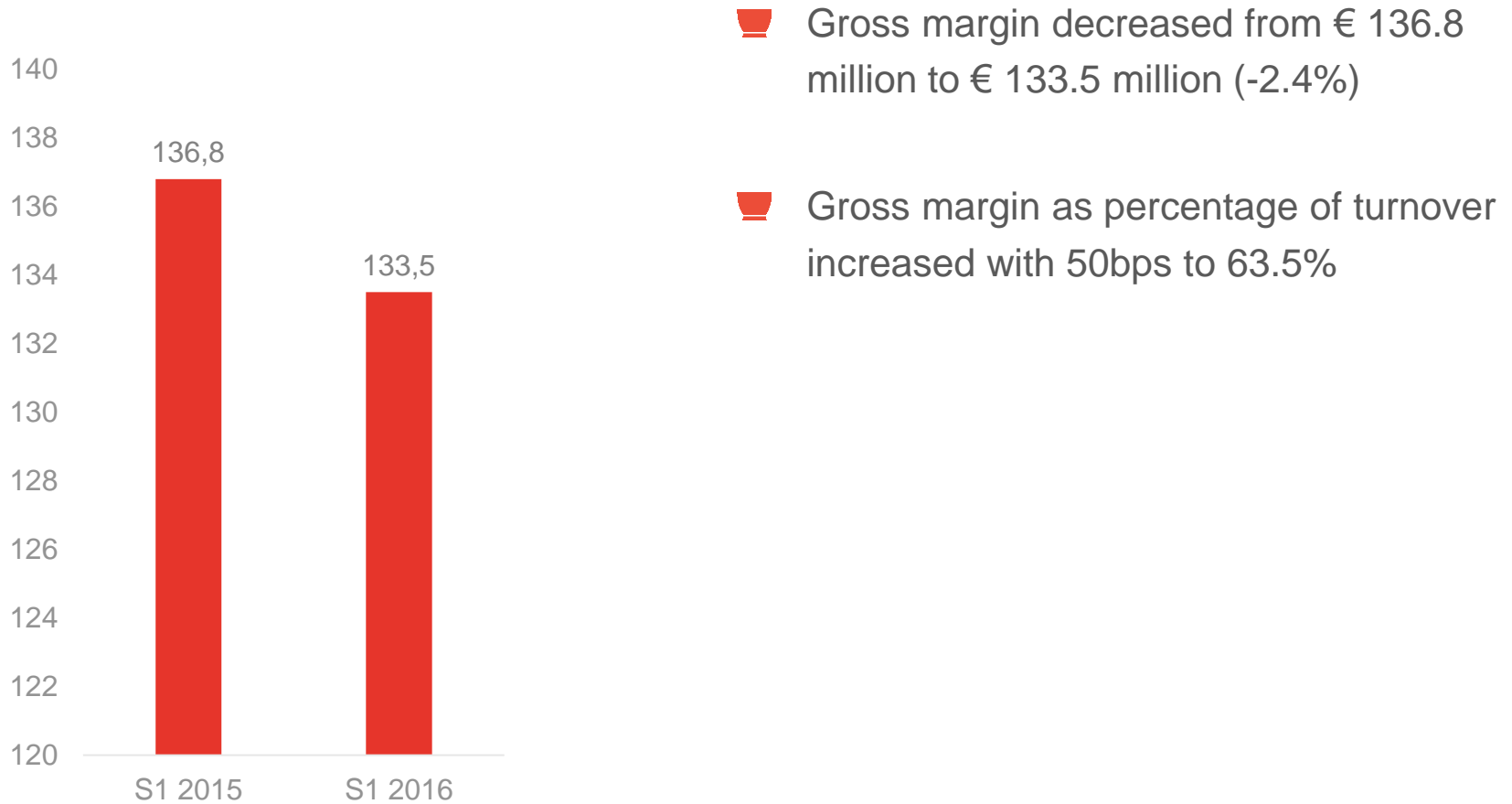
(x € 1,000)	S1 2016	S1 2015	Evolution
Turnover	106,413	120,549	-11.7%
REBITDA	20,972	29,791	-29.6%
REBITDA-margin	19.7%	24.7%	

- ☞ Turnover growth of -11.7% (-5.2% CER). Organic turnover growth of -14.1% (-7.7% CER)
- ☞ Europe: Turnover growth
- ☞ Brazil: Continued strong turnover growth (in local currency)
- ☞ United States: Changed reimbursement system continued to have a negative impact on the sale of pharmaceutical raw materials, especially at Freedom Pharmaceuticals

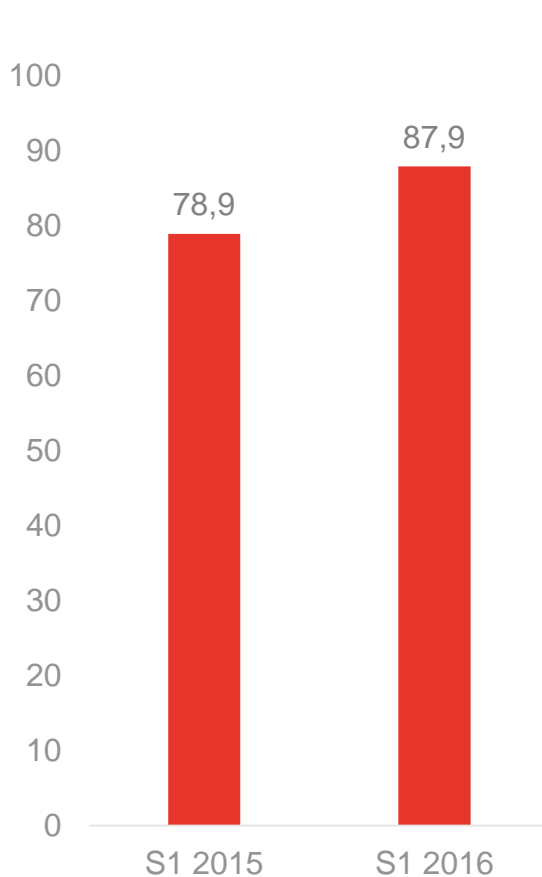
Financial review first half of 2016



Consolidated – Gross Margin



Consolidated – Operating costs

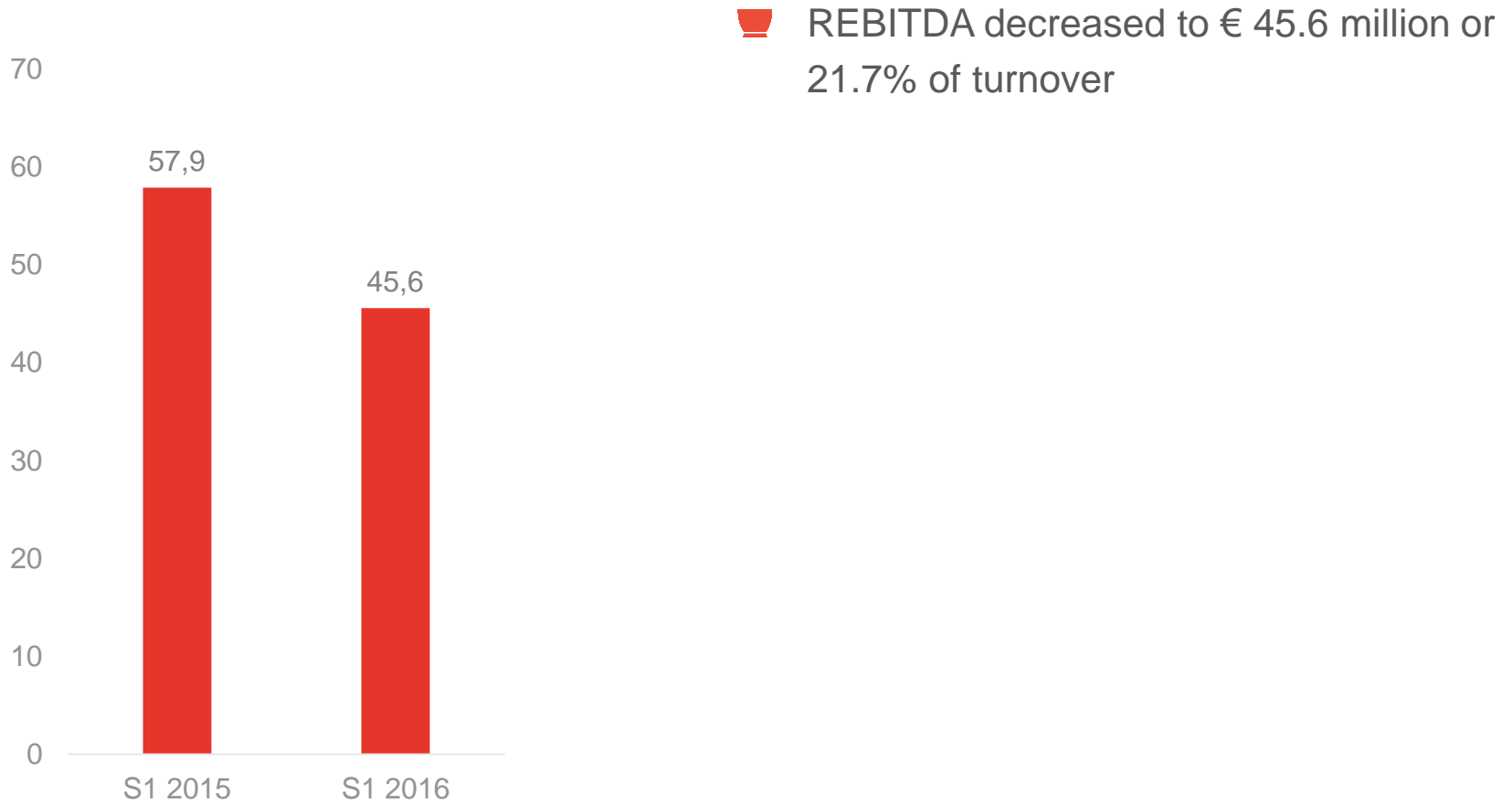


Operating costs increased by 11.5% to € 87.9 million

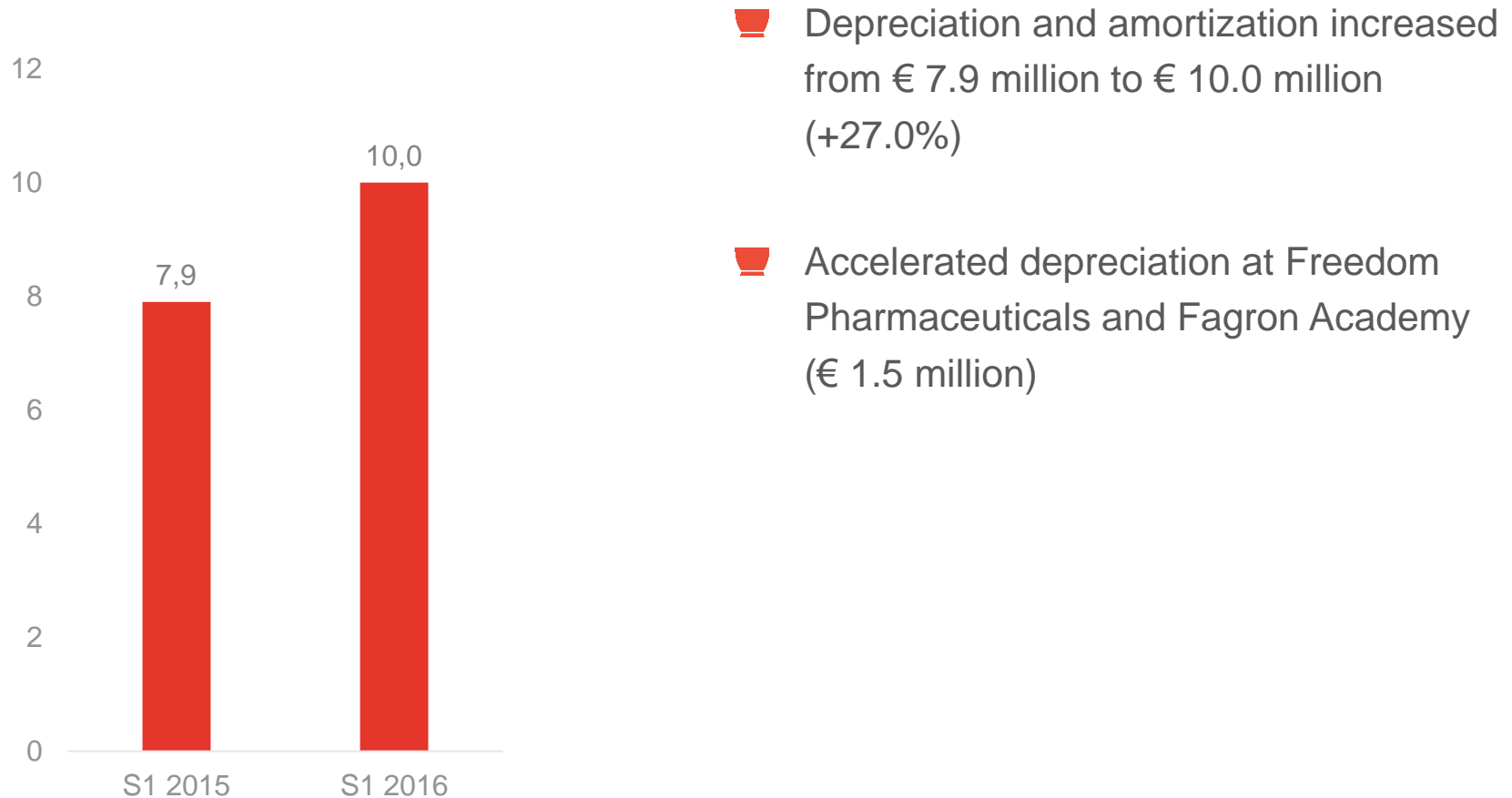
Increase was primarily due to:

- Acquisition of AnazaoHealth (April 2015)
- Acquisition of ABC Chemicals (July 2015)
- Start-up costs related to the new facility in Wichita (US)

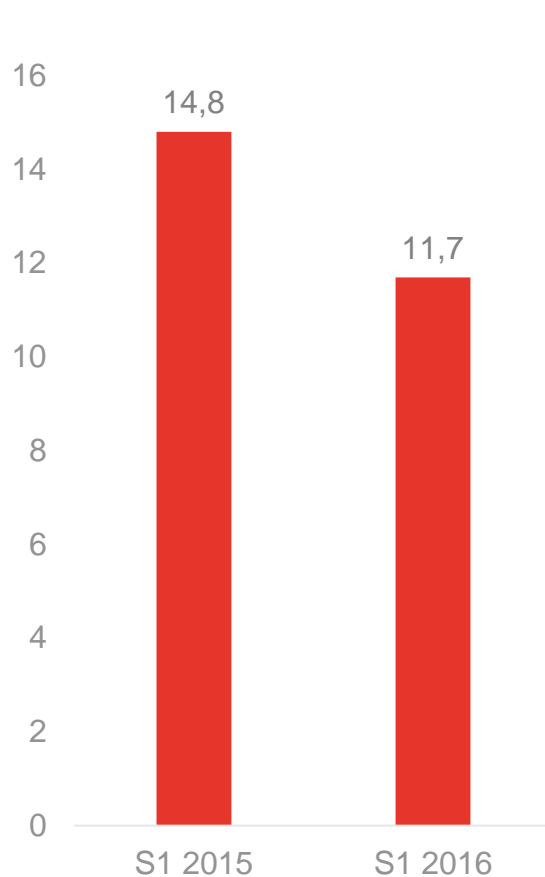
Consolidated – REBITDA



Consolidated – Depreciation & Amortization

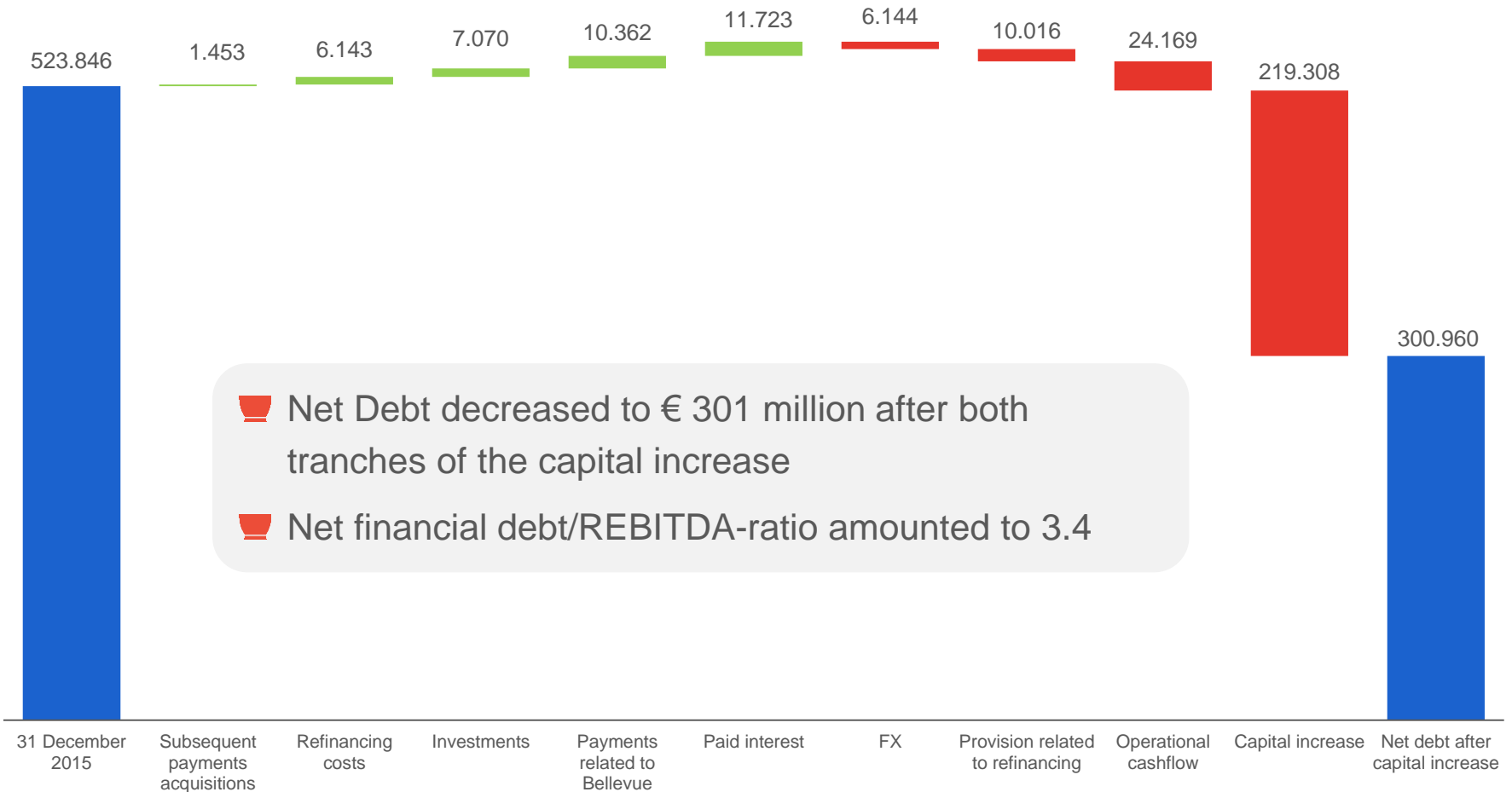


Consolidated – Financial result (excluding hedge result)



- Financial result amounted to -€ 11.7 million, a decrease of 21.0%
- Financial costs increased by € 7.2 million
- Financial income increased by € 10.3 million
- Financial costs will be substantially lower in the second half of 2016 (compared to the first half of 2016)

Consolidated – Net financial debt



Outlook¹ 2016

Turnover of at least € 415 million and
REBITDA of between
€ 85 million and € 95 million

¹ Based on estimated exchange rates (euro/US dollar 1.10 and euro/Brazilian real 3.83)

Q&A



Disclaimer

Important information about forward-looking statements

Certain statements in this presentation may be considered “forward-looking”. Such forward-looking statements are based on current expectations, and, accordingly, entail and are influenced by various risks and uncertainties. The Company therefore cannot provide any assurance that such forward-looking statements will materialize and does not assume an obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.